

Message Text

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46

ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 AGR-20 AID-20 CIAE-00 COME-00

FRB-03 INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SP-03 CIEP-02 LAB-06 SIL-01 OMB-01 NSC-07 SS-20

STR-08 CEA-02 PRS-01 PA-04 USIA-15 OPR-02 A-01 M-02

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FM AMEMBASSY BELGRADE

TO SECSTATE WASHDC 33

INFO AMCONGEN ZAGREB

UNCLAS BELGRADE 3581

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TAGS: ECON, EGEN, YO

SUBJ: PRICE INCREASES BASIC FOOD STUFFS

1. FEDERAL EXECUTIVE COUNCIL APPROVED PRICE INCREASES FOR BREAD (40 TO 54 PERCENT), SUGAR (22 PERCENT), EDIBLE OIL (20 PERCENT), CIGARETTES (14 PERCENT) AND COFFEE (5 PERCENT). ACCORDING TO PRESS INCREASES WILL RAISE COST OF LIVING AN AVERAGE OF 2.81 PERCENT.
2. INCREASES ARE CONSEQUENCE OF FEC APPROVAL HIGHER PRICES OF WHEAT, FLOUR, SUNFLOWER, AND SUGAR BEETS.
3. CONCURRENTLY, FEC APPROVED MEASURES DESIGNED TO "PROTECT THE LIVING STANDARDS OF THE CITIZENS." MINIMUM WAGE IN SERBIA RAISED FROM 900 TO 1000 NEW DINARS. PROPOSALS MADE TO INCREASE CHILDRENS ALLOWANCES, PENSIONS, UNEMPLOYMENT BENEFITS, AND DISABILITY ALLOWANCE S.

COMMENT: ANNOUNCED PRICE INCREASES OF BASIC FOODSTUFFS HIGHLIGHT RECENT ACCELERATION IN UPWARD TREND OF PRICES GENERALLY. A SENIOR NATIONAL BANK OFFICER TOLD EMBASSY OFFICERS JULY 18 THAT RATE OF INFLATION FOR ALL 1974 NOW ESTIMATED AT AROUND 21 TO 22 PERCENT
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INSTEAD OF 16 TO 18 PERCENT FORESEEN ON MONTH AGO. EFFECT OF PRICE

INCREASES WILL BE CUSHIONED SOMEWHAT BY FACT THAT IN FIRST SIX
MONTHS OF 1974 REAL INCOME ROSE 6 PERCENT. WHEAT PRODUCERS HAD
COMPLAINED THAT PREVIOUS PURCHASE PRICE SO LOW THAT SIGNIFICANT
PORTION OF PRODUCTION MIGHT BE HELD OFF MARKET AND USED FOR FODDER.
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